



COMMITTEE ON THE BUDGET

MAJORITY CAUCUS

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Reality Check
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It's the Spending

Late last week, the Congressional Budget Office (CBO) released its *Monthly Budget Review* for July. The report shows that the spending is growing at a much higher rate than revenues. *This punches a major hole in Democrat rhetoric that says the tax cut is eating away the surplus:*

- ▶ Total spending, adjusted for calendar effects, has grown at a 4.3 percent rate so far in fiscal year 2001.
- ▶ Total revenues have grown at a 2.5 percent pace so far this fiscal year.
- ▶ According to CBO's analysis, revenue growth would have been higher (at about 3 percent) without the tax cut, but still far below the growth in spending.

In other words, **revenues are continuing to grow at roughly the rate of inflation** from the record-high levels last year, while **spending is growing at a rate about 1-1/2 times the rate of inflation.**

Leave it to Democrats to blame smaller surpluses on a badly needed tax cut to reduce an historically high tax burden instead of out-of-control Washington.